

Senate Bill No. 1911

CHAPTER 70

An act to amend Sections 61405 and 62182 of the Food and Agricultural Code, relating to milk.

[Approved by Governor June 23, 2004. Filed with
Secretary of State June 24, 2004.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1911, Committee on Agriculture and Water Resources. Milk: handlers: surety bonds.

Existing law requires that every manufacturing milk handler and every handler that operates only one plant within the state, before purchasing any manufacturing or market milk from a producer execute and deliver to the Secretary of Food and Agriculture a surety bond, executed by the applicant as principal and by a surety company qualified and authorized to do business in this state as surety. Existing law requires that the amount of the bond be based upon the average daily quantity of manufacturing milk purchased by the handler during any calendar month during a license year.

This bill would instead make the amount of the bond be based upon manufacturing milk purchased by the handler during a license year.

The people of the State of California do enact as follows:

SECTION 1. Section 61405 of the Food and Agricultural Code is amended to read:

61405. (a) Every manufacturing milk handler that operates only one plant within the state, before purchasing any manufacturing milk from a producer, shall execute and deliver to the secretary a surety bond, executed by the applicant as principal and by a surety company qualified and authorized to do business in this state as surety. The amount of the bond shall be based upon the average daily quantity of manufacturing milk purchased by the handler during any calendar month during a calendar year. The minimum amount of the bond shall be as follows:

(1) Five thousand dollars (\$5,000) for any handler that purchases an average daily quantity of less than 1,000 gallons.

(2) Ten thousand dollars (\$10,000) for any handler that purchases an average daily quantity of at least 1,000 gallons but less than 4,000 gallons.

(3) Fifteen thousand dollars (\$15,000) for any handler that purchases an average daily quantity of at least 4,000 gallons but less than 8,000 gallons.

(4) Twenty thousand dollars (\$20,000) for any handler that purchases an average daily quantity of 8,000 gallons or more.

(b) Every manufacturing milk handler that operates more than one plant within the state, before purchasing any manufacturing milk from a producer, shall execute and deliver to the secretary a surety bond, executed by the applicant as principal and by a surety company qualified and authorized to do business in this state as surety. The bond shall be a single bond covering all plants within the state and shall be in an amount determined by multiplying twenty thousand dollars (\$20,000) by the number of plants operated by the handler in the state.

(c) Any milk purchase agreement between a handler and a producer may provide for surety bonds, guarantees, or other forms of security in addition to the bonding requirements in this article.

SEC. 2. Section 62182 of the Food and Agricultural Code is amended to read:

62182. (a) Every handler that operates only one plant within the state, before purchasing any market milk from a producer, shall execute and deliver to the secretary a surety bond, executed by the applicant as principal and by a surety company qualified and authorized to do business in this state as surety. The minimum amount of the bond shall be based upon the average daily quantity of market milk purchased by the handler during any calendar month during a calendar year.

The minimum amount of the bond shall be as follows:

(1) Five thousand dollars (\$5,000) for any handler that purchases an average daily quantity of less than 1,000 gallons.

(2) Ten thousand dollars (\$10,000) for any handler that purchases an average daily quantity of at least 1,000 gallons but less than 4,000 gallons.

(3) Fifteen thousand dollars (\$15,000) for any handler that purchases an average daily quantity of at least 4,000 gallons but less than 8,000 gallons.

(4) Twenty thousand dollars (\$20,000) for any handler that purchases an average daily quantity of 8,000 gallons or more.

(b) Every handler that operates more than one plant within the state, before purchasing any market milk from a producer, shall execute and deliver to the secretary a surety bond, executed by the applicant as principal and by a surety company qualified and authorized to do business in this state as surety. The bond shall be a single bond covering all plants within the state and shall be in an amount determined by



multiplying twenty thousand dollars (\$20,000) by the number of plants operated by the handler in the state.

(c) Any milk purchase agreement between a handler and a producer may provide for additional surety bonds, guarantees, or other forms of security in addition to the bonding requirements in this article.

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